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Letter dated 12 September 2000 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to inform you that, in the 1980s, the Republic of Iraq and the Kingdom of Saudi Arabia agreed that a pipeline should be constructed to carry crude oil from southern Iraq across Saudi territory to the Red Sea. Contracts for phase I were signed with a consortium led by the Italian company Sabiem. Phase I included the construction of a new pipeline and its linkage with the east-west Saudi Petroline at a point near Riyadh. Oil began to be pumped through the pipeline, alternating with Saudi oil, on 1 November 1985, and it had a capacity of 500 barrels a day. The cost of building the pipeline was some 500 million United States dollars.

Contracts for phase II of the pipeline were signed on 22 September 1987 with a consortium of Sabiem, Mitsubishi and Hyundai. This phase included the laying of a pipeline from the Riyadh area to the port of Mu`jiz (south of Yanbu`), which was built — together with all the necessary installations such as pumping and control stations, communications facilities, storage tanks and loading terminals and with an oil export capacity of 1.6 million barrels a day — at a cost of some 1.7 billion dollars.

The total cost of the pipeline (both phases) was thus more than 2.2 billion dollars, most of which was spent in Saudi Arabia. Operation of the pipeline at full capacity began in September 1989, and the first tanker carrying oil from it put to sea on 19 September 1989. The pipeline continued to operate until 13 August 1990, when Saudi Arabia halted the flow of oil and gave as the reason for doing so the high inventories at Mu`jiz. It has not up to the present time allowed pumping to resume.

The pipeline was built by agreement between Iraq and Saudi Arabia and with the full approval of both countries. Enormous sums were invested in the construction of the pipeline network, representing the assets of the Iraqi people and the Saudi people. The total amount of crude oil exported by way of the pipeline was about 876 million barrels, while quantities of oil estimated at 11 million barrels remain in the storage tanks at Mu`jiz and the entire pipeline system inside Saudi territory is also full of oil. Exportation by way of the pipeline was halted at the discretion of Saudi Arabia, and the reason given by it was the high inventories at Mu`jiz.

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It is clear from the foregoing that Saudi Arabia is liable for the damage sustained by Iraq and for the legal consequences of that damage between 13 August 1990 and such time as the pipeline is reopened and can be used in the same way as when it began to operate in each of the aforesaid phases, which is the way in which it is assumed it will be used when it reopens.

I should be grateful if you would have this letter circulated as a document of the Security Council.

(*Signed*) Saeed H. **Hasan**
Ambassador
Permanent Representative